

## EXHIBIT 362

**REDACTED**



Page 1

**REDACTED**



**REDACTED**



<p style="text-align: right;">Page 142</p> <p>1 BY MR. MOUGEY:</p> <p>2 Q. I'm sure it did. So, under "Cardinal</p> <p>3 SOM," that stands for suspicious order monitoring,</p> <p>4 correct?</p> <p>5 MS. FIX MEYER: Object to form.</p> <p>6 BY THE WITNESS:</p> <p>7 A. Yes.</p> <p>8 BY MR. MOUGEY:</p> <p>9 Q. On the third bullet down, "About 60% of</p> <p>10 these orders are legitimate orders that should be</p> <p>11 canceled."</p> <p>12 The last sentence says, "These are</p> <p>13 stores who are over their corporate ceiling." And</p> <p>14 corporate ceiling is Walgreens' corporate ceiling,</p> <p>15 correct?</p> <p>16 A. Yes.</p> <p>17 Q. Means that they weren't allowed to order</p> <p>18 any more, correct?</p> <p>19 A. Without proper documentation, yes.</p> <p>20 Q. And -- but "they are going to Cardinal</p> <p>21 to request the product."</p> <p>22 Do you see that?</p> <p>23 A. Yep.</p> <p>24 MS. FIX MEYER: Objection to form.</p>	<p style="text-align: right;">Page 144</p> <p>1 telling you the truth. I mean, you got to take</p> <p>2 care of the patients. And so --</p> <p>3 BY MR. MOUGEY:</p> <p>4 Q. The question I asked you was simple.</p> <p>5 Does the store have the ability to go to</p> <p>6 another vendor and order controlled substances</p> <p>7 after they hit the ceiling at Walgreens?</p> <p>8 MR. HOUTZ: Next time please let her finish</p> <p>9 her answer before you interrupt.</p> <p>10 MR. MOUGEY: The next time I'd like to have an</p> <p>11 answer to the question that I asked.</p> <p>12 BY MR. MOUGEY:</p> <p>13 Q. The vendors --</p> <p>14 MR. HOUTZ: If you allow her to finish your</p> <p>15 answer, you may get an answer.</p> <p>16 BY MR. MOUGEY:</p> <p>17 Q. The vendors -- I'm sorry.</p> <p>18 The pharmacies are allowed to order</p> <p>19 additional controlled substance, highly addictive,</p> <p>20 like OxyContin that we talked about earlier, once</p> <p>21 they hit the ceiling, that store can go to Cardinal</p> <p>22 and order additional oxycodone, correct?</p> <p>23 MS. FIX MEYER: Objection; form, foundation.</p> <p>24 MR. HOUTZ: Same objection.</p>
<p style="text-align: right;">Page 143</p> <p>1 BY MR. MOUGEY:</p> <p>2 Q. So, Walgreens' system, if a store</p> <p>3 exceeded the ceiling, they were told no more</p> <p>4 Schedule II or Schedule III controlled substances</p> <p>5 from us, correct, Walgreens?</p> <p>6 A. They didn't know. So --</p> <p>7 Q. They knew they couldn't order any more,</p> <p>8 correct?</p> <p>9 A. They wouldn't know because -- they</p> <p>10 wouldn't know until the order was due to show up.</p> <p>11 Q. And it didn't show up and they knew they</p> <p>12 didn't get it, correct?</p> <p>13 A. Right, but they didn't know why.</p> <p>14 Q. So, they knew they didn't get the order</p> <p>15 from Walgreens, correct?</p> <p>16 A. Correct.</p> <p>17 Q. And they didn't know why, but they</p> <p>18 didn't get it from Walgreens but then Walgreens</p> <p>19 allowed up until a period in time for that store to</p> <p>20 put it in an order from another vendor, correct?</p> <p>21 MR. HOUTZ: Object to form and foundation.</p> <p>22 BY THE WITNESS:</p> <p>23 A. Walgreens -- any pharmacy has secondary</p> <p>24 wholesalers if the one wholesaler -- I'm just</p>	<p style="text-align: right;">Page 145</p> <p>1 BY MR. MOUGEY:</p> <p>2 Q. Yes or no.</p> <p>3 A. I'm not going to yes or no answer that.</p> <p>4 I'm going to tell you what happened.</p> <p>5 Q. No, I want to know if they have the</p> <p>6 ability. That's all I asked.</p> <p>7 A. Yes.</p> <p>8 Q. Do they have the ability to order --</p> <p>9 A. Yes.</p> <p>10 Q. -- more oxycodone from another vendor</p> <p>11 like Cardinal after Walgreens' ceiling has been</p> <p>12 hit?</p> <p>13 MS. FIX MEYER: Objection; form, foundation.</p> <p>14 BY THE WITNESS:</p> <p>15 A. On this date, yes.</p> <p>16 BY MR. MOUGEY:</p> <p>17 Q. Yes. Thank you.</p> <p>18 MR. MOUGEY: Les, if it's okay with you, it's</p> <p>19 a good stopping point for me for lunch.</p> <p>20 MR. HOUTZ: Sure.</p> <p>21 MR. MOUGEY: I am planning on using the seven</p> <p>22 hours today. So, I just want to give everybody a</p> <p>23 heads-up as we go through. I'm happy to take a</p> <p>24 shorter or longer lunch as you and Ms. Polster</p>

<p style="text-align: right;">Page 154</p> <p>1 A. You mean not shipped?</p> <p>2 Q. Yes, ma'am.</p> <p>3 A. What about it?</p> <p>4 Q. That's pre-you, though, wasn't it?</p> <p>5 A. Yes.</p> <p>6 Q. Yes. When you got there, if an order</p> <p>7 was flagged by the Bancroft algorithm, it was -- is</p> <p>8 the word "cut"? Are you okay with that? Or what's</p> <p>9 the right terminology you'd use?</p> <p>10 A. It was not shipped at all.</p> <p>11 Q. Not shipped?</p> <p>12 A. Right.</p> <p>13 Q. But the store was allowed to order up to</p> <p>14 that threshold, correct? They had to enter a new</p> <p>15 order in?</p> <p>16 A. Yes.</p> <p>17 Q. So, it was not shipped, but then the</p> <p>18 store could reenter an order up to the ceiling</p> <p>19 level, correct?</p> <p>20 A. Yes, but the store didn't have</p> <p>21 visibility into that ceiling level.</p> <p>22 Q. I understand.</p> <p>23 A. Okay.</p> <p>24 Q. I understand that's your drumbeat.</p>	<p style="text-align: right;">Page 156</p> <p>1 made based on that new information.</p> <p>2 Q. So, as you learned more and as you got</p> <p>3 up to speed, there were a different -- there were</p> <p>4 additional controls that needed to be implemented?</p> <p>5 A. There were -- there were changes that</p> <p>6 needed to be made, yes.</p> <p>7 Q. All right. And it didn't all happen at</p> <p>8 once --</p> <p>9 A. Right.</p> <p>10 Q. -- is what you're saying. It was over a</p> <p>11 period of time?</p> <p>12 A. Right.</p> <p>13 Q. And when -- and I'm trying not to use --</p> <p>14 I'm trying to use the word you feel comfortable</p> <p>15 with. Is control, an additional control? What</p> <p>16 term would you use?</p> <p>17 You didn't like the modification to the</p> <p>18 algorithm. So, I'm trying to find a word you're</p> <p>19 comfortable with.</p> <p>20 A. Yeah, controls, that's fine.</p> <p>21 Q. Is control okay?</p> <p>22 A. Yeah.</p> <p>23 Q. That there were issues that your team</p> <p>24 was identifying along the way, they were trying to</p>
<p style="text-align: right;">Page 155</p> <p>1 A. Yeah.</p> <p>2 Q. But right now if the order wasn't</p> <p>3 shipped, they were allowed to ship up to that</p> <p>4 ceiling level, correct?</p> <p>5 A. Sure.</p> <p>6 Q. Okay. Now, your team knew that there</p> <p>7 were modifications that needed to be made to the</p> <p>8 Bancroft algorithm, correct?</p> <p>9 Actually, you corrected me before about</p> <p>10 the Bancroft. Let's use your language, whatever</p> <p>11 you feel comfortable with.</p> <p>12 So, rather than me saying changing the</p> <p>13 algorithm, how about your team was aware that there</p> <p>14 were -- that controls were needed to ensure that</p> <p>15 all orders were going through the Walgreens</p> <p>16 suspicious order monitoring system?</p> <p>17 MR. HOUTZ: Object to form.</p> <p>18 BY THE WITNESS:</p> <p>19 A. I don't agree when you say they were</p> <p>20 aware.</p> <p>21 BY MR. MOUGEY:</p> <p>22 Q. Okay.</p> <p>23 A. I think as time progressed, things would</p> <p>24 pop up and then we would ask for a change to be</p>	<p style="text-align: right;">Page 157</p> <p>1 find solutions and then implementing a control to</p> <p>2 kind of close --</p> <p>3 A. The goal was to have consistency on how</p> <p>4 the stores would order; and as things popped up</p> <p>5 that created confusion for patient care and was</p> <p>6 happening at store level, then we made adjustments</p> <p>7 along the way to, you know, decrease any type of</p> <p>8 confusion a store would have in getting a product.</p> <p>9 Q. Would you feel comfortable with the word</p> <p>10 that when Pharmaceutical Integrity started, that</p> <p>11 there were loopholes in the system that needed to</p> <p>12 be closed with additional controls to ensure</p> <p>13 compliance with Walgreens' duties as a distributor?</p> <p>14 A. Those -- I think there were gaps. I</p> <p>15 don't know about loopholes.</p> <p>16 Q. Let's use the word "gaps." I'm</p> <p>17 comfortable with "gaps."</p> <p>18 A. Okay.</p> <p>19 Q. So, there were gaps in Walgreens'</p> <p>20 policies and procedures with its distribution of</p> <p>21 controlled substances that your team was</p> <p>22 identifying and addressing throughout '13 and early</p> <p>23 '14?</p> <p>24 A. Yes.</p>